

## **BILL ANALYSIS**

Senate Research Center  
77R7039 JAT-D

S.B. 1056  
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Health & Human Services  
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As Filed

### **DIGEST AND PURPOSE**

Currently, the Children's Health Insurance Program (CHIP) capitation rates for the 43 border counties are significantly lower than those of other counties in the state, due to historical underutilization of services. As proposed, S.B. 1056 requires the Texas Health and Human Services Commission to increase CHIP capitation rates for Texas-Mexico border counties to a statewide average and to provide a financial incentive for CHIP physicians practicing in the border region.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 62D, Health and Safety Code, by adding Section 62.157, as follows:

Sec. 62.157. CAPITATION AND REIMBURSEMENT RATES IN THE TEXAS-MEXICO BORDER REGION. (a) Defines "Texas-Mexico border region" and "work group."

(b) Requires the Texas Department of Health (department) to ensure that in the Texas-Mexico border region:

(1) any capitation rate under the state child health plan under this chapter is at least equal to the statewide average capitation rate under the plan;

(2) any fee-for-service reimbursement rates under the state child health plan under this chapter for inpatient and outpatient hospital services and professional services result in an average expenditure for each enrollee in the state child health plan in that region that is at least equal to the statewide average expenditure for each enrollee in the plan; and

(3) a physician providing a service to an enrollee in the state child health plan in that region receives, in addition to reimbursement at the rate required under Subdivision (2), a bonus in the amount of 10 percent of the reimbursement customarily provided to a physician providing that service in another region of the state.

(c) Requires the department, for purposes of Subsections (b)(1) and (2), to exclude data from the Texas-Mexico border region in determining the statewide average capitation rate under the state child health plan and the statewide average expenditure per enrollee in the plan.

(d) Authorizes the department, with advice from the work group and other appropriate

groups, to vary the amount of rate increases for professional services according to the type of service provided.

(e) Requires the department to develop mechanisms to pass any rate increase required by this section directly to health care providers, regardless of which type of health plan provider is providing payment.

SECTION 2. Requires a state agency, if before implementing this Act it determines that a waiver or authorization from a federal agency is necessary for implementation, to request the waiver or authorization and authorizes the state agency to delay implementing that provision until the waiver or authorization is granted.

SECTION 3. Requires the rates required by Section 62.157, Health and Safety Code, as added by this Act, to be implemented not later than September 1, 2001.

SECTION 4. Effective date: September 1, 2001.